

Message Text

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71

ACTION XMB-04

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FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 2275

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E.O.11652: N/A

TAGS: EGEN, TU

SUBJECT: EXIM BANK FINANCING FOR EQUIPMENT FOR DSI

REF: STATE 001513

1. COMAT RECENTLY DISCUSSED MINISTRY OF POWER AND NATURAL RESOURCES, STATE HYDRAULIC WORKS (DEVIET SU ISLERI GENEL MUDURLUGU-DSI) EQUIPMENT POOL RENEWAL AND EXPANSION PROJECT WITH MR. ALI CANPOLAT, DIRECTOR IN CHARGE OF THAT PROJECT. MR. CANPOLAT SAID THAT HIS AGENCY HAD ASKED MINISTRY OF FINANCE (MOF) TO ACCEPT EXIM BANK PRELIMINARY COMMITMENT OFFER TO ASSIST IN FINANCING \$47 MILLION OF THIS PROJECT ON 50 PERCENT CASH PAYMENT BY DSI AND 50 PERCENT EXIM BANK LOAN BASIS. MR. CANPOLAT HAD ALSO ASKED MOF TO CONTINUE NEGOTIATIONS WITH EXIM BANK TO PARTICIPATE IN FINANCING OF BALANCE OF TOTAL PROJECT COSTING ESTIMATED \$83 MILLION. WE UNDERSTAND THAT MOF HAS ALREADY SENT MESSAGES TO THIS EFFECT TO EXIM BANK AND TURKISH EMBASSY WASHINGTON.

2. MR. ALI CANPOLAT EXPRESSED SOME CONCERN OVER REPORTS THAT EXIM BANK HAS TOLD U.S. SUPPLIERS THAT EXIM BANK MAY NOT BE PREPARED TO GUARANTEE ANTICIPATED SUPPLIERS CREDITS OR COMMERCIAL BANK CREDITS COVERING UP TO FOUR FIFTHS OF THE CASH PAYMENT EXPECTED FROM DSI. EMBASSY CONSIDERS IT IMPORTANT THAT EXIM BANK IN ADDITION TO ITS DIRECT LOAN, BE PREPARED TO GUARANTEE PRIVATE FINANCING PACKAGES SECURED BY U.S. SUPPLIERS.

3. THE PRINCIPAL MARKET IN TURKEY FOR HEAVY EQUIPMENT IS TURKISH
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GOVERNMENT, PRIMARILY, IN 1976 AND 1977, THE HIGHWAY DEPARTMENT

AND DSI. WE ESTIMATE THAT THESE TWO AGENCIES ALONE WILL NEED IN EXCESS OF TWO HUNDRED MILLION DOLLARS WORTH IN THAT PERIOD FOR EQUIPMENT POOL RENEWAL AND EXPANSION. SECURING A FIRM PLACE IN THIS MARKET FOR U.S. SUPPLIERS BECOMES DOUBLY PROFITABLE WHEN CONSIDERATION IS GIVEN TO FUTURE YEARS' REPLACEMENT AND LARGE SPARE PARTS ORDERS THAT ARE EXPECTED TO FOLLOW.

4. EMBASSY URGES EXIM BANK TO BE AS RESPONSIVE AS POSSIBLE TO GOT'S REQUEST TO EXIM BANK FOR FINANCING 50 PERCENT ENTIRE DSI PROJECT AND FOR GUARANTEEING COMMERCIAL CREDITS IN CONNECTION WITH THIS PROJECT.

MACOMBER

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